

FISCAL IMPACT STATEMENT ON BILL NO. **H. 3649**

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TO:	The Honorable Daniel T. "Dan" Cooper, Chairperson, House Ways and Means Committee		
FROM:	Office of State Budget, Budget and Control Board		
ANALYSTS:	R.J. Stein, Allan Kincaid, Beth Campbell, Trey Kannaday		
DATE:	May 9, 2007	SBD:	2007322

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AUTHOR:	Representative Witherspoon	PRIMARY CODE CITE:	12-63-10
SUBJECT:	Energy Freedom & Rural Development Act		

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ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:

A Cost to the General Fund (See Below)

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:

\$0 (No additional expenditures or savings are expected)

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**BILL SUMMARY:**

House Bill 3649 amends Title 12 of the Code of Laws of South Carolina, 1976, by adding Chapter 63 and by adding and amending Sections of Chapters 6 and 28 dealing with renewable fuels. The Bill establishes loan and grant programs. The Bill creates a 7-member Renewable Energy Oversight Committee which is to approve all loans and grants. The Bill requires the Department of Agriculture to promulgate regulations and standards for renewable transportation fuels and to test renewable fuels produced in the state. The Bill also requires the Department of Agriculture to develop procedures for making incentive payments to retailers of renewable transportation fuels. The Bill requires State-owned fueling facilities to provide bio-diesel fuel by January 1, 2008.

**EXPLANATION OF IMPACT:**

Budget & Control Board

Section 9 (B) of the Bill states that the General Assembly shall appropriate from the General Fund of the State \$200,000 to the State Energy Office for certain purposes. A review of the Bill by the Budget & Control Board indicates there should be no additional impact on the General Fund of the State or on federal and/or other funds in excess of the \$200,000.

Department of Agriculture

The Department estimates that it would cost \$250,000 to purchase testing equipment, and about \$200,000 to cover the costs associated with the Department's other responsibilities outlined in the Bill. The agency's needs are consistent with amounts to be appropriated in accordance with section 9 (A) of the Bill.

SC Institute for Energy Studies (Clemson—PSA)

The Institute Director estimates that \$100,000 and 0.50 FTEs would be needed to provide technical assistance to the State Energy Office in their evaluation of projects seeking loan or grant funds. The funds would be used to pay salaries and fringes for one Technical Specialist and the Program Director. The Bill includes sufficient recurring funding for these activities of the Institute in section 9 (C) of the Bill.

#### Department of Education

The State Department of Education (SDE) indicates the cost to comply with Section 12-63-40 at no more than \$262,825 in one time expenses. Of this amount \$107,800 consists of cleaning fuel tanks at 44 bus shops at a cost of \$2,450 per tank (one shop's tank will not require cleaning). Forty-five bus shops would require pump filters at a cost of \$25 each for a total cost of \$1,125. In addition, two bus filters with a cost of \$12 and \$15 would be required for 5,700 buses at a cost of \$153,900. The bill does not include funding for these Department of Education.

#### Department of Revenue

The Department reports this Bill will have a non-recurring cost to the General Fund of between \$5,000 and \$10,000 for forms and system changes.

#### State Treasurer's Office

The Office indicates this Bill will have a minimal impact, and any costs can be absorbed by the agency.

#### Summary

In addition to the agency costs noted above, Section 12-63-30 (D) specifies that \$2,000,000 shall be appropriated in FY 2007-08 for a loan and a grant program. Three million dollars shall be appropriated for these programs in FY 2008-09 and FY 2009-10. Therefore, first year total costs are estimated at \$3,022,825. Second and third year costs are estimated at \$3,500,000. Annual costs thereafter are estimated at \$350,000.

#### **LOCAL GOVERNMENT IMPACT:**

None.

#### **SPECIAL NOTES:**

The Board of Economic Advisors is the appropriate entity to address any revenue impact associated with this or any other Bill.

Approved by:

A handwritten signature in black ink that reads "Harry Bell". The signature is written in a cursive style with a large, looped "H" and a long, sweeping "B".

Harry Bell  
Assistant Director, Office of State Budget